

**304.9-730 Certain actions by reinsurance intermediary managers prohibited.**

The reinsurance intermediary manager shall not:

- (1) Bind retrocessions on behalf of the reinsurer, except that the reinsurance intermediary manager may bind facultative retrocessions pursuant to obligatory facultative agreements if the contract with the reinsurer contains reinsurance underwriting guidelines for those retrocessions. The guidelines shall include a list of reinsurers with which automatic agreements are in effect, and for each reinsurer, the coverages and amounts or percentages that may be reinsured, and the commission schedules;
- (2) Commit the reinsurer to participate in reinsurance syndicates;
- (3) Appoint any producer without assuring that the producer is lawfully licensed to transact the type of reinsurance for which he is appointed;
- (4) Without prior approval of the reinsurer, pay or commit the reinsurer to pay a claim, net of retrocessions, that exceeds the lesser of an amount specified by the reinsurer or one percent (1%) of the reinsurer's policyholder's surplus as of December 31 of the last complete calendar year;
- (5) Collect any payment from a retrocessionaire or commit the reinsurer to any claim settlement with a retrocessionaire, without prior approval of the reinsurer. If prior approval is given, a report shall be promptly forwarded to the reinsurer;
- (6) Jointly employ an individual who is employed by the reinsurer; or
- (7) Appoint a subreinsurance intermediary manager.

**Effective:** July 14, 1992

**History:** Created 1992 Ky. Acts ch. 155, sec. 7, effective July 14, 1992.